



DRAFT ANNUAL REPORT FOR THE 2007/2008

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CHAPTER 1: INTRODUCTION AND OVERVIEW.

1.1. FOREWORD BY THE MAYOR

The annual report for the year under review reflects significant achievements in our municipality. The significant movement, to a large degree, was resultant of our engagement with relevant stakeholders without whom our efforts would not be meaningful. We are therefore happy that we have covered a lot of ground in terms of bringing a meaningful change to the lives of our people in line with our vision and mission.

In order to significantly contribute to the economy through our activities, we would need to step up our performance on what we have achieved, and put corrective measures where we have not lived up to expectations. To this end, we shall re-channel resources both human and financial where they are needed most.

One of the major achievements of the year has been the construction of 4 pre-schools, 2 community halls and fencing of cemeteries and schools. This confirms our commitment to bring development to our municipality.

May I take this opportunity to say thanks to all members of the community, the administrative component and above all the councillors for creating a conducive climate for our municipality to operate more effectively and efficiently.

We are quite certain that Molemole Municipality have made a huge contribution to the fulfillment of some ideas enshrined in the freedom charter. Notwithstanding the fact that there is still backlog with regard to basic services, we will strive for the provision of those services to our communities.

I thank you

M.M. MOHALE
MAYOR

1.2 EXECUTIVE REVIEW BY THE MUNICIPAL MANAGER.

The 2007/08 financial year has seen our municipality topping the top gear through the improved service delivery. The serious challenge that faced us was enormous. This has

been detrimental to our aspiration for Excellency but ironically become a motivating factor to strive for better service delivery to the community of Molemole. Our municipality through its programmes endeavors in leaps and bounds to achieve its developmental objectives, inter-alia:

- To improve revenue generation by 5%
- To facilitate the reduction of HIV/AIDS infection rate.
- To provide affordable, clean and portable water above RDP standards.
- To create and promote local economic development initiatives in SMME sector.

Numerous achievements have been recorded in the post year, the establishment of the audit committee, building of Mogwadi Traffic station and the filling in of many strategic posts as per council resolution.

Our achievement depend entirely on the relationship that we have build with the general stakeholders and the processes of consultation, as required by the constitution and trying to find each other so that we can walk this path together.

We are rigorous in the intensification of a sound administration that is queered towards the improvement of service delivery. Our contact with communities will continue to be people driven and we will remove all the barricade and barriers that seek to derail progress for service delivery. Our performance has proven beyond reasonable doubt that we will secured in our Endeavour for Excellency and we dare not fail the aspiration of the masses that falls within Molemole's area of jurisdictions.

VISION

"Provision of affordable and sustainable services above RDP standards"

MISSION

"To provide essential, affordable quality services to communities efficiently and effectively in a transparent and accountable manner"

T.S. RASELAYA

ACTING MUNICIPAL MANAGER

1.3 OVERVIEW OF THE MUNICIPALITY

1.3.1. LOCALITY OF THE MUNICIPALITY

Molemole is located about 60km, north of Polokwane. The municipality covers an area of 3, 3477km². Molemole municipality forms part of the five municipalities that make up Capricorn District, namely Blouberg Municipality, Aganang Municipality, Lepelle-Nkumpi municipality and Polokwane Municipality

Molemole Municipality's head office is situated in the town of Mogwadi, formerly known as Dendron. Molemole Municipality comprises of 37 settlements which are within 13 wards.

1.3.2. POPULATION DENSITY

a) Statistics

Census 2001

- Molemole total population was 109, 445.
- Household size - 4
- Total number of households – 28 923

Community Survey 2007 stats, SA.

- Total population – 104, 104
- Households size – 6

Households – 27 889

1.3.3. UNEMPLOYMENT AND INCOME DISTRIBUTION

a) Statistics

Employment status

Employed	17 851
Unemployed	8 561
Not economically Active	26 185
Not applicable	1 303
Total	53 900

Source: community Survey 2007

1.3.4. WATER

a) Statistics

Table shows access water in Molemole

Type of water by source	2001	2007
Piped water	21 563	17 321

Borehole	1 444	4 401
Spring	30	-
Dam/Pool	137	99
Water vendor	4 413	5 301
River/Stream	107	-
Rain water tank	36	-
Other	1 194	174
Total	28 924	27 296

1.3.5. Energy

- According to census 2001, about 21 590 households has access to electricity and the number increased to 25 577 households in 2007.
- Majority of households in Molemole receive free electricity.

1.3.6. Sanitation

The statistics as depicted by Table10 show a steady decline in the proportion of households having access to sanitation. The number of households having access to sanitation dropped from 8 196 in 2001 to 5 384 in 2007. The decline in the proportion of household having access to sanitation prevails despite decrease in the number of households. The increase in the number of households with no access to sanitation poses a serious health risks. The increased number of pit toilets may result in polluted ground water which may cause health and environment hazards. Overflowing ponds in Mogwadi contaminate ground water and also pose a health risk or both humans and animals. This area has to be declared a go area for both humans and livestock. The municipality may consider establishing a conventional sewer plants.

Table shows access to Sanitation

Types of Sanitation	2001	2007
Flush toilet (connected to sewerage system)	1 946	2 382
Flush toilet (with septic tank)	1 937	2 163
Dry toilet facility	-	54

Pit toilet with ventilation (VIP)	4 313	785
Pit toilet without ventilation	15 186	20 083
Chemical toilet	315	-
Bucket toilet system	153	-
None	5 073	1 829
Total	28 923	27 296

Source: Census 2001 and community survey 2007 (Stats SA)

1.3.7. Refuse Removal

Table 12 indicates the status quo with respect to refuse removal services within Molemole Municipality. The majority of households, about 87% had no access to refuse removal in 2001. However the proportion of households having no access to refuse removal dropped to 85% in 2007 (Community Survey, Stats SA). Most households bury or burn their own refuse or just throw away. At present there are only 2 landfills sites (Mogwadi and Morebeng) which are not licensed. The dumping site in Botlokwa is also not licensed and fenced. Littering and the unlicensed dumping sites are a recipe for environmental disaster.

An urgent need exist to establish properly planned, standardized and properly managed landfills in the municipality. The declining number of households imply that it will be cheaper to improve the service to fewer households.

Table shows access to refuse removal

Different mechanisms for providing refuse removal	2001	2007
Removed by local authority once a week	2 055	3 860
Removed by local authority less often	183	365
Communal refuse dump	1 430	-
Own refuse dump	23 824	22 675
No rubbish disposal	-	396
Other	-	-
Total	28 925	27 296

Source: census 2001 and community Survey 2007, Stats SA

1.3.8. Housing

Table 13 indicates the various housing arrangements in Molemole. According to census 2001, 25 689 households reside in formal Housing. However, the 2007 community survey indicate that 23 416 households are housed in formal dwellings. The statistics show an increase in the number of household living in informal dwellings/shack, despite

a decrease in the total number of households. The number of informal housing increased from 2 251 in 2001 to 3 981 household in 2007.

The reason for change in situation regarding people having access to decent housing can be attributed to high unemployment levels, low income levels and the impact of HIV/AIDS. On the basis of the statistics, the municipality should prioritize housing and develop a plan to eradicate informal housing. Definition of formal housing is area that requires further research or collaboration between Stats SA and Molemole Municipality.

Table shows access to decent housing

Types of housing arrangements	2001	2007
Formal	25 689	23 416
Traditional dwelling	986	99
Informal	1 092	444
Other	1 159	3 333
Total	28 926	27 296

Census 2001 and community Survey 2007, stats SA

1.3.9. Health facilities

Table 14 shows that Molemole Municipality is served by one Provincial hospital and seven clinics two of which are mobile clinics. The municipality faces a critical shortage of health facilities. Based on the standards from the Department of Health, 1 hospital needs to be established per 15 000 households unit and 1 clinic per 2 500 units. Considering the existing situation and in relation to the standards, 1 additional Hospital and 5 clinics need to be established in the area. Botlokwa hospital is the only accredited site for the provision of ARV's in the municipality

Table shows access to Health facilities in Molemole Municipality

Government Hospital	Special hospital	Clinics	Mobile	Health Centre
1	-	5	2	-

Source: Department of Health Report, 2006

1.3.10. Educational Facilities – Tertiary

Table indicates the public tertiary institutions located within Capricorn District Municipality. Molemole Municipality does not have a single tertiary institution. The high levels of secondary school drop outs and number of people with no education of less

than grade 12 suggest that the municipality has to establish further education Training institutions to cater for those groups of learners.

Table shows access to Public Tertiary institutions in CDM

Local Municipality	Settlement Name	Type of Institution
Aganang	None	None
Blouberg	Senwabarwana	Capricorn FET and TC (Senwabarwana Campus)
Lepelle-Nkumpi	Lebowakgomo	Lebowakgomo FET College
Molemole	None	None
Polokwane	Mankweng	University of Limpopo (Main Campus)
	Seshego	Capricorn FET & TC (Seshego Branch)
	Polokwane	Capricorn FET & TC (Polokwane Branch) UNISA (Branch) Pretoria Technikon (Branch) University of Limpopo (Medunsa Branch) Pretoria Technikon (Branch)

Source: Provincial spatial Rationale, 2007.

1.3.11. ECONOMIC ANALYSIS

a) Overview

The economy of Molemole, in line with the national and global economy is slowing down, resulting in job losses. The agricultural sector is the second biggest employer after government sector. The employment statistics for the agricultural sector show that the sector dropped from 7 265 in 2001 to 4 409 in 2007. There has been a steady increase in the number of jobs created in the manufacturing, construction and community social and personal services which is a positive for the local economy. The critical aspects affecting our local economy are amongst others, lack of relevant skills, low levels of education, lack of access to FET Colleges, limited access to higher education and land claims.

Table shows access to Employment numbers per sector.

Sector	2001	2007

Agriculture, Hunting, Forestry and Fishing	7 265	4 409
Mining and quarrying	96	84
Manufacturing	351	1 306
Electricity, gas and water supply	109	105
Construction	726	1 046
Wholesale and retail trade	1 640	1 908
Transport, storage and communication	449	539
Financial, Insurance, real estate and business services	464	1 050
Community, social and personal services	2 793	3 107
Other and not adequately defined	-	1 460
Private households	1 696	-
Unspecified	664	2 835
Not applicable/ Institutions	13 795	36 052
Total	60 048	53 901

Source: Census 2001 and community survey, stats SA, 2007.

CHAPTER 2: PERFORMANCE MANAGEMENT OVERVIEW.

KPA 1: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES:

The overview of the area includes provision of water services; sanitation services refuse removal services, electricity reticulation services, road networks, community/public facilities and housing amongst others to residence.

It should however be noted that some of the services are operated jointly with other spheres of government in which circumstances we play a facilitation or service provider role.

The function also involves general maintenance of municipal properties or facilities, assets and communal assets.

KPA 2: INSTITUTIONAL TRANSFORMATION:

We have during the year under review taken steps to streamline business processes by unlocking key institutional transformational barriers and by so doing have improved on the pace and capacity of the municipality to function efficiently. This we achieved by redesigning and aligning the organizational structure to the municipal strategic objectives.

The municipal systems and structure were revised to ensure linkages and corporation that will enhance administrative and cohesive movement and collective leadership. Joint planning sessions assisted in bridging the gap between over side function/strategic leadership and sound administrative drive.

Majors were put in place to ensure that through our recruitment and service acquisition process yield the desired levels of redress whilst ensuring that the transformation is not only superficial but empowers the organization to make significant strides in moving out of the prevailing institutional challenges.

KPA 3: LOCAL ECONOMIC DEVELOPMENT:

The overview includes all activities associated with economic development initiatives. Local Economic Development creates a platform for government private sector and local communities the opportunity to work together to improve the local economy.

As well as activities associated with the promotion of integrated development planning in order to achieve integration and harmonization of service delivery. It highlights the achievements, challenges experienced, expenditure to date and proposed interventions to improve the future performance of the unit.

It also includes activities associated with the management and co-ordination of the spatial planning processes within municipality and provides technical support in respect to spatial planning and land use management and in so doing correcting the apartheid settlement pattern and promoting integrated and sustainable human settlement.

KPA 4: FINANCIAL VIABILITY:

The municipality is collecting revenue from limited revenue base with high rate of indulgency. Though the municipality is also depending on grants, it is still enable to provide services like electricity, sewerage, refuse removal and sanitation to community. The municipality is also facing some challenges of MFMA compliance process and procedures because of the current financial system. The municipality is engaging other service providers with regard to the financial system which will able the municipality to comply fully with MFMA processes and procedures. The municipality has developed a revenue enhancement strategy which is in the process of being reviewed.

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION:

We have during the year introduced the customer service register as a tool to receive feedback on the quality of service we provide as well as to enable communities to input on mechanisms to further improve on the quality of service. This has to some extend enabled us to assess our service impact to our community, the introduction of the audit and risk functions has placed injected an impetus in our drive to align our systems, procedures, practices and function to the acceptable set of standards required of us. We have gradually begun to observe, instill and understand the role of the audit and risks

functions in relation to the betterment of institutional practices and systems for the benefit of our communities. During the year under review we have invested substantial resources to deepen public participation and ensuring that the outcomes thereof are meaningful, to this end several capacity development initiatives targeted at ward committees including on areas such as policy and bylaw development, project management and reporting were rolled out.

Through the Imbizo system, municipal newsletters, consultative forums and general community meetings we have ensured that various role players become partners in our developmental agenda and that they are regularly informed and involved in the running of municipal affairs. The decentralization of council meetings to various areas within the municipal area has assisted a great deal in bridging the gap between council and the community we serve. Further the municipality complied with applicable legislations in relation to council, audit and oversight committees.

KPA: CROSS-CUTTING: SECTOR SUPPORT AND OUTREACH PROGRAMMES:

a. Sports, Arts and Culture.

Molemole municipality has established sports, arts and cultural committee which coordinates the activities around sports, arts and culture. We have managed to participate in O.R. Tambo games and Maphungubwe arts festival. Our community are actively participating in sports, arts and culture. We have won trophies both district and provincial.

b. Health and HIV Aids.

The municipality has hosted many events with regard to HIV/Aids such as the World Aids day celebration. There are Home-based care groups and dropping centres established in our municipality to help our people who are directly and indirectly affected by HIV/Aids. We are participating in the district health council.

c. Special Focus.

The municipality has participated in activities which are focused on the elders, children and the older persons. We have a municipal committee which coordinates issues are the disabled persons. We have contributed to advance the needs of these people but more still needs to be done going forward.

d. Education.

The municipality doesn't offer this service but we coordinate for access to educational facilities. We are annually encouraging schools to perform well by engaging in the promotion of COLT and other related educational programmes. Whenever a school has performed well in the grade 12 exams we support and recognize their achievement.

CHAPTER 3: HUMAN RESOURCES AND ORGANIZATIONAL MANAGEMENT.

Our approach to Human Resources Management is founded on the provisions of our policy framework that seeks to leverage the potential of human capital to support and efficiently realize municipal service mandate.

Human Capital affairs are located within the Corporate Services Department and lead by Divisional Head Human Resources and supported by several specialized personnel responsible for core components of Human Resources Provisioning; Employee Relations; Personnel Management; Organizational Development & Training; Employee Wellness Programme; Occupational Health & Safety, Payroll Administration and Performance Management.

- Personnel Provisioning deals with matters pertaining to provision of personnel through timely recruitment, selection and placement of highly competent employees, placement of employees and integration of employees into the municipality. It ensures that transactional and record keeping activities of HR are completed timeously and accurately. We affect the release of employees in a proceduralised manner. Assist various HR functions in communication to staff. Participate in various operational meetings, critically evaluating and directing the appropriate application of relevant policies, procedures, processes, systems and practices, and where required appropriately develop/influence these. Facilitate communication of key messages and induct people into the business and conduct exit interviews.
- Employee Relations handles Assist with the establishment and maintenance of Develop and maintain effective relationships across different disciplines and ensure constructive workplace relationships towards achieving a commonality of interest. Providing expert advice on relevant policies, practices, systems and tools to the relevant Business unit to ensure sound employee relations Provide line managers with guidance and advice in managing staff, identifies and anticipates areas of potential conflict and in conjunction with the other specialist functions to develop appropriate strategies to contain or counteract undesirable trends and interact with external sources where necessary and to keep managers and relevant stakeholders informed.
- Organizational Development & Training is responsible for identifying and fulfilling municipal resources needs, and plan ahead to satisfy workforce requirements (labour forecast / complement control / budgeting). Assist departments to enhance their effectiveness through organizational design and

- change management, provides management with tools, guidelines and advise to manage diversity. Develop employees to their full potential through effective assessment and the facilitation of individual development plans, training interventions, mentorship and coaching. Advising, consulting, reviewing, evaluating and influencing appropriate organizational design by providing expertise i.t.o job design / profiling, resource optimization, design of structures and charts. Assist and advise management with the completion of annual labour budget and forecast. Build trust and enhance performance Co-ordinate development, career and succession planning input to HRD specialists. Validating the talent inventory with line for meaningful succession and capability planning. Provide input to HRD specialists and management regarding strategic development needs. Assist with the compilation of annual training plan for the municipality. Compile annual EE plans and monitor progress against these plans
- Employee Wellness is responsible for providing management tools, guidelines and advice on employee wellness matters to mitigate the impact of external factors on employee on performance.
 - Occupational Health & Safety handles activities related to the creation of a safe working environment and facilities as well as to create operational plans to foster workplace safety.
 - Payroll Administration Technology is used to enhance manager's access to HR data, support their decisions and provide cost-effective services to employees. Advising, guiding, coaching and influencing line to ensure appropriate application of relevant remuneration/reward and recognition frameworks, policies, procedures, tools, techniques and processes.
 - Performance Management we ensure that the process is credible and data driven and ensure clear differentiation between top, middle and low performers; our reward systems are credible, transparent and consistently applied, enabling us to attract and retain top talent. Advising, consulting, reviewing, evaluating and influencing the use of appropriate Performance Management framework. Advising and consulting to line management with the planning of development actions, identification of appropriate opportunities and interventions to close performance gaps.

Coordination of Human Resources functions is enhanced by the involvement various stakeholder in pursuit of Good Governance to this end the following functional committees are set.

- Local Labour Forum (Work Place Forum)
- Training Committee
- Health & Safety Committee

The Human Resources Division during the year under review was involved in several initiatives including.

3.1 Mayoral Bursary.

A mayoral bursary scheme was introduced with an objective of supporting initiatives to develop the requisite scarce and critical skills in the municipal area. The bursary benefitted 2 financially needy and academically deserving beneficiaries drawn from the municipal area. The students were financed towards fields of study studies relevant to the municipal sector at a total cost of R 82 173.00 and their progress is constantly monitored and supported.

3.2 Training & Development.

As required by the Skills Development Act and Local Government Sector Education and Training Authority (LGSETA) the municipality complied with submission requirements of on Workplace Skills Development Plans (WSP).

The training interventions as contained in the WSP are aligned to the IDP, Scarce Skills Strategy, Strategic Local Government Agenda and the Local Government Key Performance Areas were implemented to ensure capacity development relevant to the municipality core functions within the limited resources.

The training committee played a pivotal role in ensuring the training initiatives are well coordinated however the challenge remains on ensuring that the committee becomes fully functional and consistent.

Due to resource constrains the capacity initiatives planned for the year for community based beneficiaries were not fully achieved.

An amount of R 333 059.00 was expended on training interventions against a budget allocation of R 406 740.00 translating to 82% expenditure.

3.3 Organizational Development.

The Municipality developed, aligned, adopted and implemented a new organizational structure in response to the peculiar conditions applicable to the municipality. Heralding from the organizational review we were able to leverage several transformational imperatives including strides to improve demographic

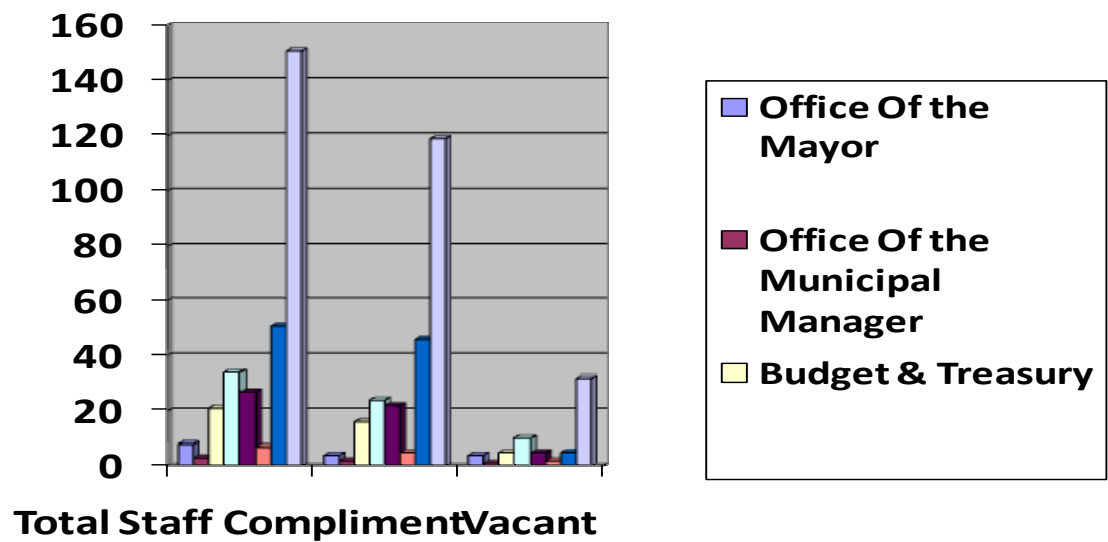
composition of the staff compliment this is reflected in women recruitments for the year under review constituting 51 % of the total new personnel intake.

3.4 Human Capital Distribution on Structure.

The organizational structure provided for a total staff compliment of 212 positions from which a total of 151 positions are funded and 119 positions filled with a funded post vacancy of 32 posts or 21%.

Post Establishment Per Department or Office.

Department / Office	Total Staff Compliment	Filled	Vacant
Office Of the Mayor	8	4	4
Office Of the Municipal Manager	3	2	1
Budget & Treasury	21	16	5
Corporate Services	34	24	10
Community Services	27	22	5
Planning & Development	7	5	2
Technical Services	51	46	5
Total	151	119	32



3.5 RECRUITMENT

Out of total vacant positions, a total of 43 funded vacant positions were advertised and filled. The municipality experienced budgetary constraints and could no longer afford a full complement of the budgeted positions.

Further challenges pertaining to attracting skilled personnel particularly in the areas of scarce skills contributed to a large vacancy rate.

1. Office of the Mayor

Post Title	Compliment	Status
Secretary	1	Permanent
Driver	1	Permanent

2. Office of the Municipal Manager

Post Title	Compliment	Status
Municipal Manager	1	Contract
Internal Auditor	1	Permanent

3. Budget & Treasury

Post Title	Compliment	Status
Senior Accountant Budget & reporting	1	Permanent

Senior Accountant Income	1	Permanent
Meter reader	1	Permanent
Financial Interns	2	Contact

4. Corporate Services Department

Post Title	Compliment	Status
Manager Corporate Services	1	Contract
Senior Administrative Officers	2	Permanent
Senior Committee Researcher	1	Permanent
Divisional Head Human Resource	1	Permanent
Cleaners	4	Permanent

5. Community Services Department

Post Title	Compliment	Status
Cashiers	2	Permanent

6. Local Economic Development & Planning Department

Post Title	Compliment	Status
Town Planner	1	Permanent

7. Infrastructure Department

Post Title	Compliment	Status
General workers	20	Contract
Grader Operators	2	Permanent

3.6 PERSONNEL PROVISIONING

All employees' personnel files were established, audited and monitored to ensure the safe keeping of personnel data. Applicable benefits recorded and processed through payroll in time. An HRM electronic record management system was phased in to support personnel provisioning functions including leave management, employment equity, training & recruitment. The system was integrated within the overall payroll system and has ensured a seamless interface between financial systems and Human resource system. A challenge remains on migration from the manual clock-in system to an electronic system to minimize paper work and optimize HRM automation.

3.7 EMPLOYMENT EQUITY

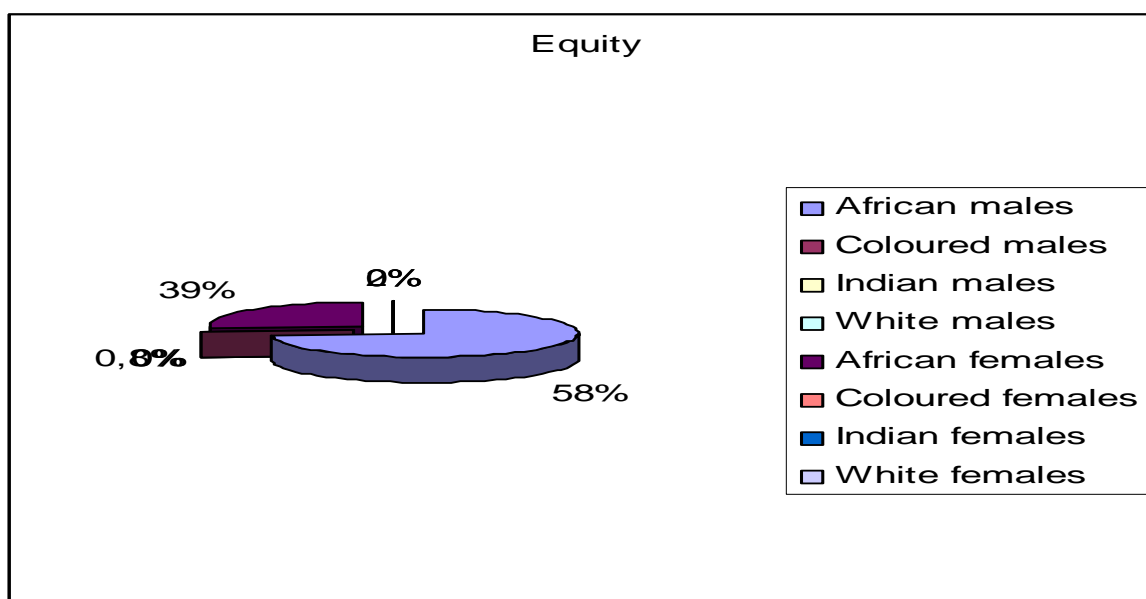
The municipality

The municipality for the year under review recorded the following equity levels.

Occupational category\level	African males	Coloured males	Indian males	White males	African females	Coloured females	Indian females	White females

Management (Top, Senior & Middle)	11	0	0	0	4	0	0	0
Supervisory \Technical \officers	9	0	0	0	3	0	0	2
Clerical\ Admin	5	0	0	0	22	0	0	0
Operatives	21	0	0	1	1	0	0	0
Elementary	23	0	0	0	17	0	0	0
Total	69	0	0	1	47	0	0	2

The Equity status report reflects a demographic spread of 58% African males, 0,8% white males, 39% African females and 2% white females.



3.8. EMPLOYEE BENEFITS REPORT

Several municipal employees benefited from and participated in various benefits schemes that the municipality in accordance with the applicable SALGBC collective agreements participates in. Beneath is a breakdown of scheme\ fund participation.

Pension benefits.

Name of Fund	Number Members	Of	Total not receiving pension benefit.

MEPF	25	12
MGF	53	
NFMW	2	
SALA	2	
SNPF	25	
	107	

Medical Benefits

Name of Fund	Number Members	Of	Total not receiving medical benefit.
Bonitas	17	79	
LA Health	1		
Hosmed	0		
Key Health	14		
SAMWUMED	8		
Totals	40		

3.9. SALARY AND PAYROLL ADMINISTRATION UNIT

The main objective was to ensure effective and efficient payroll management

A. Accurate Payroll

Two (2) payroll systems utilized are Venus and Payday software for Molemole municipality transferred personnel respectively. All councilors and Employees were successfully paid throughout the year due to internal challenges, which were rectified at later stages. Temporary employees were successfully paid on the last day of each month.

Classification	Work force	Electronic Transfer	Manual Payments	System used
Employees	120	120		Payday
Councilors	23	23		Venus
Temporary	2		2	
Total Payroll	145	143	2	
Total Transfer	145	143		

Third Parties

Third parties were paid on the last day of each month and challenges were experienced.

All errors were rectified with immediate effect.

3.10. EMPLOYEE RELATIONS.

A range of employee relations activities aimed at maintaining labour peace and improving general working relations with a view to minimize service interruptions. This included employee policy and procedure education session. During the year under review the unit handled and concluded 4 disciplinary cases 2 concluded at the local level and 2 in process at South African Local Government Bargaining Council Conciliation phase.

3.11. OCCUPATIONAL AND HEALTH SAFETY

An occupational health and safety committee was established, however its functioning was hindered by lack of dedicated officer to coordinate OHS matters. The municipality has within its available resources implemented some of the safety measures; going forward plans are in place to conduct a safety assessment to ascertain a level of compliance.

3.12. LOCAL LABOUR FORUM FUNCTIONALITY

A schedule for LLF provided for bi-monthly ordinary sittings and this has been adhered to. Various policy proposals and strategic positions that has a bearing on employees were processed through LLF.

LLF has assisted in insuring smooth dissemination of information and ideas between parties to the LLF and this has fostered good relations and enhances cooperative governance.

3.13. EMPLOYEE WELLNESS

With a view to enable employees to rationally consider personal finance management a workshop was conducted during the financial year to provide employees with relevant skills in personal financial management at a cost of R48 950.00.

CHAPTER 4: FINANCIAL RELATED INFORMATION

APPROVAL AND CERTIFICATION



I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 33, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

T.S. Raselaya
ACTING MUNICIPAL MANAGER

DATE

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MOLEMOLÉ MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Molemole Municipality which comprise the balance sheet as at 30 June 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined

by the National Treasury, as set out in accounting policy note 1.1 of the financial statements and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act, 2007 (Act No.1 of 2007) (DoRA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004)(PAA) and section 126(3) of MFMA, my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing *and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*. Because of the matter(s) discussed in the Basis for disclaimer of opinion paragraph(s), however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Molemole Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

Basis of accounting

5. The Municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1 to the financial statements.

Basis for disclaimer of opinion

Consumer debtors

6. There was no evidence to support the basis used by the municipality for the calculation of the provision for doubtful debts of R6.6 million as disclosed in note 11 to the financial statements. There was no approved policy in place at the municipality to enable me to re-calculate the provision for bad debts. Furthermore, the provision for doubtful debts remained unchanged from prior year despite an increase of R 2.2 million in accounts receivable from the prior year. The provision for bad debts in the financial statements is therefore misstated by an unquantifiable amount

Trade and Other Payables

7. The staff leave provision of R1.3 million as disclosed in note 5 of the financial statements has been overstated by R282 465 due the incorrect calculation of leave days due to staff. As a consequence, payables are overstated and accumulated surplus understated by the same amount.
8. Included in the trade creditors of R3.5 million under note 5 to the financial statements is sundry year end creditors with a balance of R1.3 million, the total of which does not agree with the ledger balance of R2.9 million resulting in a difference of R1.6 million. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to confirm the valuation, existence and completeness of trade creditors amounting to R3,5 million as disclosed in the financial statements.
9. Included in the other creditors balance of R1.2 million per note 5 to the financial statements is unknown deposits of R909 129. Documentation could only be provided to the amount of R249 008. The municipality's records did not permit the application of alternative audit procedures for the balance of R660 121.

Property, plant and equipment

10. Included in the property, plant and equipment balance of R46.4 million per note number 7 to the financial statements, there are additions and fair value adjustments to the amount of R3.9 million. No supporting documents were provided for capital expenditure incurred with a value of R3.3 million as well as fair value adjustments on assets with a value of R237 260. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for property, plant and equipment, depreciation, accumulated depreciation, operating expenses, surplus for the period, and accumulated surplus.

Cash and cash equivalents

11. A difference of R612 495 was identified between the cash and cash equivalents balance in the financial statements and the general ledger of the municipality. No breakdown or reconciliation could be provided for this difference. I was unable to
12. confirm or verify by alternative means the existence, valuation and completeness of the cash and cash equivalents balance. Accordingly, I was not able to determine
13. whether any adjustments might be necessary to the amounts shown in the financial statements for cash and cash equivalents amounting to R4,6 million.
14. Included in the bank reconciliation of the municipality's main account as at 30 June 2008 are unknown deposits to the amount of R 2.5 million. The money was deposited in the municipality's account before year-end but was not recorded in the accounting records of the municipality. Trade and other payables disclosed in note 5 and cash and cash equivalents disclosed in note 13 are both understated by R2,5 million.

15. Refer to drawer cheques to the amount of R578 759 were identified on the year-end bank reconciliation. These cheques were not written back to the respective debtor accounts. Receivables are therefore understated by R578 759 and cash and cash equivalents are overstated by the same amount.

Value added tax (VAT)

16. The accounting system in use by the municipality incorrectly calculates input VAT at a rate of 9% instead of the legislated rate of 14% as per paragraph 7 of the VAT Act, 1991 (Act No. 89 of 1991), as a result the municipality is claiming less VAT input than it is entitled to. The above VAT rate error affects both capital and revenue expenditure, and the extent of the error could not be quantified.

Accumulated surplus

17. A correction of error to the amount of R3.8 million was included under accumulated surplus in the statement of changes in net assets totaling R9.4 million. Details of this correction were not disclosed in notes to the financial statements as required by the statement of generally recognised accounting practice (GRAP 3.43). Documentation and explanations supporting this error could not be obtained. As a result, I was unable to verify the accuracy, completeness and occurrence of this amount.

Disclaimer of opinion

18. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Molemole Municipality. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matter

I draw attention to the following matter:

Amendments to the applicable basis of accounting

19. As indicated in note 1.1 to the financial statements, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of General Notice 552 of 2007 issued in Government Gazette No 30013 of 29 June 2007.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Internal control

20. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Trade and other receivables	?		?		?
Trade and other payables	?		?		
Property, plant and equipment	?				
Bank and cash	?		?		?
Value Added Tax	?				?
Investments					?
Accumulated surplus	?				?
<p><u>Control environment</u>: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.</p> <p><u>Risk assessment</u>: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p><u>Control activities</u>: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p><u>Information and communication</u>: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.</p> <p><u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.</p>					

Matters of governance

21. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	<input type="checkbox"/>	
• The audit committee operates in accordance with approved, written terms of reference.	<input type="checkbox"/>	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	<input type="checkbox"/>	
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.		<input type="checkbox"/>
• The internal audit function operates in terms of an approved internal audit plan.		<input type="checkbox"/>
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		<input type="checkbox"/>
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines (section 126 of the MFMA).	<input type="checkbox"/>	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		<input type="checkbox"/>
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		<input type="checkbox"/>
• The prior year's external audit recommendations have been substantially implemented.		<input type="checkbox"/>
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		<input type="checkbox"/>
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		<input type="checkbox"/>
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	<input type="checkbox"/>	

Unaudited supplementary schedules

22. The supplementary information set out on pages [xx] to [xx] does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

23. I have reviewed the performance information as set out on pages xx to xx.

Responsibility of the accounting officer for the performance information

24. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

25. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* [and section 45 of the MSA].

26. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

27. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Lack of sufficient appropriate audit evidence

28. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the Molemole Municipality, as the system used for generating the information contained in the report was not adequate for purposes of the evaluation.

APPRECIATION

29. The assistance rendered by the staff of the Molemole Municipality during the audit is sincerely appreciated.

Auditor-General.

Polokwane

30 November 2008



A U D I T O R - G E N E R A L

STATEMENT OF FINACIAL POSITION

	2008	2007
Note	R	R

NET ASSETS & LIABILITIES				
Net Assets		45 551 391		40 436 756
Government grant reserve	2	26 288 594		24 818 633
Donations and public contribution reserves	2	1 291 176		1 241 435
Accumulated surplus/(deficit)		17 971 621		14 376 688
Non-current liabilities				
Long Term Liabilities	3	112 000		55 576
Current liabilities		11 871 525		7 779 650
Consumer deposits	4	408 036		393 508
Bank overdraft		-		788 120
Trade and other payables	5	6 054 009		6 223 393
Unspent conditional grants and receipts	6	5 409 481		312 129
Current portion of long term liabilities	3	-		62 500
Total Net Assets and Liabilities		57 534 916		48 271 982
ASSETS				
Non-current assets		46 453 346		43 304 971
Property, plant & equipment	7	46 448 098		43 163 761
Investments	8	311		311
Non-current receivables	9	4 937		140 899
Current assets		11 081 570		4 967 012
Inventory	10	21 748		21 748
Short-term investments	8	1 025 517		954 851
Consumer debtors	11	3 807 679		1 620 729
Other receivables	12	1 547 657		2 273 596
Current portion of long-term receivables	9	122 411		93 398
Cash and cash equivalents	13	4 556 558		2 690
Total Assets		57 534 916		48 271 983

STATEMENT OF FINACIAL PERFORMANCE

	Note	2008 R	2007 R
REVENUE			

Property rates	14	1 443 679	1 427 022
Service charges	15	3 850 306	4 114 591
Rental of facilities and equipment		106 217	95 534
Investment Revenue – external investments	18	69 951	52 120
Interest earned – outstanding debtors		448 043	337 812
Fines, licenses and permits		3 047 922	1 784 362
Government grants and subsidies received - operating	16	26 860 621	23 593 807
Government grants and subsidies received - capital	16	4 538 956	2 332 500
Public contributions, donated and contributed property, plant and equipment	17	-	1 195 258
Other revenue	19	896 428	919 244
Total Revenue		41 262 123	35 852 250
EXPENDITURE			
Employee related costs	20	13 516 534	9 765 673
Remuneration of councilors	21	4 076 049	4 508 637
Bad debts		-	-
Depreciation		3 446 818	2 873 052
Repairs and maintenance		1 296 161	2 345 151
Finance cost	22	523	2 619
Bulk purchases	23	2 282 531	2 379 030
General expenses	24	12 068 277	7 752 547
Total Expenditure		36 686 893	29 626 709
NET SURPLUS/(DEFICIT) FOR THE YEAR		4 575 230	6 225 541

STATEMENT OF CHANGES IN NET ASSETS.

	Pre Gamap Reserves & Funds	Govern ment Grant Reserve	Donation & Public Contributio n Reserve	Accumulate d Surplus/ (Deficit)	Total
	R	R	R	R	R

2007					
Balance at 1 July 2006	42 567 738			4 759 868	47 327 606
Implementation of GAMAP (note 25)	(42 567 738)	24 742 032	67 700	8 463 314	(9 294 692)
Correction of Error				(3 821 700)	(3 821 700)
Restated balance	-	24 742 032	67 700	9 401 482	34 211 214
Net surplus for the year				6 225 541	6 225 541
Appropriations					-
Property, plant and equipment purchased					-
Capital grants used to purchase PPE		1 512 942		(1 512 942)	-
Donated/contributed PPE			1 195 257	(1 195 257)	-
Asset disposals					-
Offsetting of depreciation		(1 436 342)	(21 522)	1 457 864	-
Balance at 30 June 2007	-	24 818 632	1 241 435	14 376 688	40 436 755
2008					
Correction of error				539 406	539 406
Restated balance	-	24 818 632	1 241 435	14 916 094	40 976 161
Net surplus for the year				4 575 230	4 575 230
Appropriations					-
Property, plant and equipment purchased					-
Capital grants used to purchase PPE		2 994 379	186 250	(3 180 629)	-
Donated/contributed PPE					-
Asset disposals					-
Offsetting of depreciation		(1 524 417)	(136 509)	1 660 926	-
Balance at 30 June 2008	-	26 288 594	1 291 176	17 971 621	45 551 391

CASHFLOW STATEMENT

	Note	2008 R	2007 R
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CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		44 843 041	30 332 777
Cash paid to suppliers and employees		<u>(33 322 527)</u>	<u>(24 790 659)</u>
Cash generated from operations	26	11 520 514	5 542 118
Interest received		69 951	389 932
Interest paid		(523)	-
NET CASH FROM OPERATING ACTIVITIES		<u>11 589 942</u>	<u>5 932 050</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6 278 161)	(13 108 446)
Decrease in loans and receivables		106 949	211 197
(Increase)/decrease in investments		(70 666)	(50 539)
NET CASH FROM INVESTING ACTIVITIES		<u>(6 241 878)</u>	<u>(12 947 788)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(6 076)	(31 509)
NET CASH FROM FINANCING ACTIVITIES		<u>(6 076)</u>	<u>(31 509)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5 341 988	(7 047 247)
Cash and cash equivalents at the beginning of the year		(785 430)	6 261 817
Cash and cash equivalents at the end of the year		4 556 558	(785 430)

NOTES TO THE ANNUAL FINANCIAL STATEMENT

SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS.

.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GAMAP 4: Effects of changes in foreign exchange rates.

GAMAP 6: Consolidated financial statements and accounting for controlled entities.

GAMAP 9: Revenue.

GAMAP 7: Accounting for investments in associates.

GAMAP 8: Financial reporting of interests in joint ventures.

GAMAP 12: Inventories.

GAMAP 17: Property, plant and equipment.

GAMAP 19: Provisions, contingent liabilities and contingent assets.

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards related to the municipality's separate financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 25.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

.4 RESERVES

a) Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

b) Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Any trade discounts and rebates are deducted in arriving at the purchase price.

.5 PROPERTY, PLANT & EQUIPMENT

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimated cost of dismantling the asset.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use, and are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value

and is recognised in the Statement of Financial Performance.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<u>Infrastructure Assets</u>	<u>Years</u>
Roads, pavements, bridges and storm water 10-30	30
Water reservoirs and reticulation 15-20	20-30
Electricity reticulation 15-30	30
Sewerage purification and reticulation 15-20	20
Street lighting 20-25	25
 <u>Community Assets</u>	
Parks and gardens	30
Sport fields	20
Community halls	30
Libraries	30
Recreation facilities	20
Cemeteries	30

5 PROPERTY, PLANT & EQUIPMENT (CONT)

<u>Other Assets</u>	
Motor vehicles 4-7	5
Plant and equipment 2-15	5
Furniture & fittings	7
IT equipment 5	3-3
Office equipment 3-7	3-7

Land is not depreciated as it is regarded as having an infinite life.

The useful life or depreciation method for items of property, plant and equipment that have been recognised was not reviewed as permitted in terms of Gazette 30013 of 29 June 2007.

Impairment

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Gazette 30013 of 29 June 2007

Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Disposal of property, plant and equipment

ÿ The book values of assets are written off on disposal.

ÿ The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

.6 FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables. Financial instruments are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets.

Loans and receivables are classified as “trade and other receivables” in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

.6 FINANCIAL INSTRUMENTS

Accounts receivable

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable.

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

Leases

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows as per the lease contract as permitted in terms of Gazette 30013 of 29 June 2007.

.7 INVENTORY

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

The process to identify immovable capital assets as inventory/stock are not finalised yet and were accounted for in terms of GAMAP 17 as permitted in terms of Gazette 30013 of 29 June 2007.

.8 TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade creditors are recognise initially at cost price as permitted in terms of Gazette 30013 of 29 June 2007.

.9 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

.9 REVENUE RECOGNITION (CONT)

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

The Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Service charges

Flat rate service charges and consumption-based service charges shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Fines

Revenue from the issuing of fines is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

.9 REVENUE RECOGNITION (CONT)

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Levies

Levies shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest, royalties and dividends

Revenue arising from the use of assets by others of the municipal assets yielding interest

royalties and dividends shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties shall be recognised as they are earned in accordance with the substance of the relevant agreement; and

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

.9 REVENUE RECOGNITION (CONT)

Collection charges are recognised when such amounts are incurred.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

Revenue are initially recognised at cost as permitted in terms of Gazette 30013 of 29 June 2007.

.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

.11 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

17 RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

19 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

20 CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

21 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

22 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the invoice basis.

	R	R
RESERVES		
Government Grants Reserve	26 288 594	24 818 633
Donations and Public Contribution Reserve	1 291 176	241 435
	<u>27 579 770</u>	<u>26 060 068</u>
3. LONG TERM LIABILITIES		
Annuity loans	112 000	118 076
Less: Current portion transferred to current liabilities	-	(62 500)
	<u>112 000</u>	<u>55 576</u>
Refer to Appendix A for more detail on long term liabilities.		
4. CONSUMER DEPOSITS		
Electricity and Water	<u>408 036</u>	<u>393 508</u>
No interest is paid on deposits.		
5. TRADE AND OTHER PAYABLES		
Trade Creditors	3 470 412	4 176 695
Sundry deposits	2 750	41 101
Capricorn District Mun.-Bridging finance	-	500 000
Other creditors	1 195 430	742 360
RDP housing development	-	393 850
Staff leave	1 254 146	369 388
Retention money	131 269	-
	<u>6 054 009</u>	<u>6 223</u>

Creditors are recognised at cost and no interest was recognised as a result of any time value of money adjustments as permitted per gazette 30013 of 29 June 2007.

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5. **UNSPENT
CONDITIONAL
GRANTS AND
RECEIPTS**

Finance management grant	648 796	1621 29
Municipal systems improvement grant	879 320	150 000
Municipal infrastructure grant	2 943 635	-
LED Grant	643 113	-
RDP Housing grant	294 617	-
	5 409 481	312 129

See note 16 for reconciliation of grants. These amounts are invested until utilised.

7. **PROPERTY,
PLANT &
EQUIPMENT**

	Land and Buildings R	Infrastructure R	Community Assets R	Other Assets R	Total R
Carrying values at 1 July 2007	5 113 202	27 120 599	1 581 514	9 348 446	43 163 761
Cost	5 521 866	33 508 367	2 019 929	12 242 099	53 292 261
Accumulated depreciation – cost	(408 664)	(6 387 768)	(438 415)	(2 893 653)	(10 128 500)
Acquisitions	1 945 348	818 156	46 408	648 607	3 458 518
Fair Value	15 000	-	-	437 994	452 994
Capital under construction	2 095 593	-	724 050	-	2 819 643
Depreciation – based on cost	(181 797)	(1 518 615)	(96 542)	(1 649 864)	(3 446 818)
Carrying value of disposals					-
Cost					-
Accumulated depreciation					-
Carrying values at 30 June 2008	8 987 346	26 420 139	2 255 430	8 785 182	46 448 098
Cost	9 577 807	34 326 523	2 790 387	13 328 699	60 023 416

Accumulated depreciation – cost	(590 461)	(7 906 383)	(534 957)	(4 543 517)	(13 575 318)
Carrying values at 1 July 2006	2 451 349	23 729 251	1 676 962	4 495 168	32 352 730
Cost	2 770 547	28 730 512	2 019 929	6 087 190	39 608 178
Accumulated depreciation – cost	(319 198)	(5 001 261)	(342 967)	(1 592 022)	(7 255 448)
Acquisitions	2 751 319	4 777 855		6 154 909	13 684 083
Capital under construction					-
Depreciation – based on cost	(89 466)	(1 386 507)	(95 448)	(1 301 631)	(2 873 052)
Carrying value of disposals					-
Cost					-
Accumulated depreciation					-
Other movements					-
Carrying values at 30 June 2007	5 113 202	27 120 599	1 581 514	9 348 446	43 163 761
Cost	5 521 866	33 508 367	2 019 929	12 242 099	53 292 261
Accumulated depreciation – cost	(408 664)	(6 387 768)	(438 415)	(2 893 653)	(10 128 500)

	2008 R	2007 R
8. INVESTMENTS		
Short Term Fixed Deposits		
Nedbank	1 025 517	954 851
Long Term Fixed Deposits		
NTK	311	311
	1 025 827	955 162
Council's valuation of investments	1 025 827	955 162
No investments have been written off during the year.		
9. NON CURRENT RECEIVABLES		
Motor car loans	127 348	234 297
Less: current portion transferred to current receivables	(122 411)	(93 398)

4 937

140 899

Senior staff were previously entitled to car loans which attracted different interests and which are repayable over a maximum period of 5 years. These loans are repayable in the year 2009.

10. INVENTORY

Consumable stock

21 748

21 748

Inventory is recorded at the lower of cost and net realisable value.

11. CONSUMER DEBTORS

	Gross Balance	Provision for Bad Debt	Net Balance
30 June 2008	6 338 975	(4 018 862)	2 320 113
Service debtors:			
Property rates	2 428 995	(1 539 964)	889 031
Electricity	898 010	(569 332)	328 679
Water	2 067 523	(1 310 794)	756 729
Sewerage	12 664	(8 029)	4 635
Refuse	931 782	(590 743)	341 040
Other	4 064 303	(2 576 737)	1 487 566
	10 403		
	278	(6 595 599)	3 807 679
30 June 2007	5 109 200	(4 101 374)	1 007 826
Service debtors:			
Property rates	1 949 416	(1 564 880)	384 536
Electricity	867 839	(696 652)	171 187
Water	1 553 513	(1 247 071)	306 441
Sewerage	66 908	(53 710)	13 198
Refuse	671 524	(539 061)	132 463
Estates			
Other	3 107 128	(2 494 225)	612 903
	8 216 328	(6 595 599)	1 620 729

11. CONSUMER DEBTORS (CONT)**AGEING OF CONSUMER DEBTORS**

Property Rates

Current (0-30 days)
31-60 days

117 824
83 053

110 989
77 533

61–90 days	71 922	69 406
91–120 days	2 156 196	1 691 489
Sub-total	2 428 995	1 949 416
Electricity		
Current (0-30 days)	113 503	165 009
31–60 days	53 391	65 906
61–90 days	37 805	53 586
91–120 days	693 311	583 339
Sub-total	898 010	867 839
Water		
Current (0-30 days)	69 696	75 297
31–60 days	62 825	58 909
61–90 days	58 399	60 654
91–120 days	1 876 603	1 358 653
Sub-total	2 067 523	1 553 513
Sewerage		
Current (0-30 days)		6 363
31–60 days		6 363
61–90 days		6 363
91–120 days	12 664	47 818
Sub-total	12 664	66 908
Refuse		
Current (0-30 days)	34 008	30 749
31–60 days	28 129	25 294
61–90 days	25 824	24 055
91–120 days	843 822	591 426
Sub-total	931 782	671 524
Other		
Current (0-30 days)	129 304	122 637
31–60 days	107 857	92 704
61–90 days	58 194	85 509
91–120 days	3 720 073	2 806 277
Sub-total	4 015 428	3 107 128
Total consumer debtors	10 354 403	8 216 328
Made up as follows:		
Current (0-30 days)	464 335	511 044
31–60 days	335 255	326 710
61–90 days	252 144	299 572
91–120 days	9 302 669	7 079 001
	10 354 403	8 216 328

Debtors are recognised at cost as permitted in terms of gazette 30013 of 29 June 2007

12. OTHER RECEIVABLES

Other debtors	742 587	188 861
VAT	805 069	2 084 735
	<u>1 547 657</u>	<u>2 273 596</u>

Other debtors are recognised at cost as permitted in terms of gazette 30013 of 29 June 2007.

13. CASH AND CASH EQUIVALENTS

The municipality has the following bank accounts:

Nedbank: Dendron
Account number: 1467000442

Current account (primary bank account)		
Bank statement balance at beginning of year	1 697 121	6 889 134
Bank statement balance at end of year	<u>7 612 089</u>	<u>1 697 121</u>
 Cash book balance at beginning of year	 (788 120)	 6 259 127
Cash book balance at end of year	<u>4 553 868</u>	<u>(788 120)</u>
 Petty cash		
Balance at end of year	2 690	2 690
 Total cash resources	<u>4 556 558</u>	<u>(785 430)</u>

14. PROPERTY RATES

All properties	1 443 679	1 427 022
	<u>1 443 679</u>	<u>1 427 022</u>

VALUATIONS

Residential
Government
Commercial
Municipal

Valuations on land are performed every four years and the last general valuation come into effect on 1 July 1999. The basic rate for 2007/8 was 11.5c in the Rand on land. A rebate of 30% was granted to land zoned as residential 1. A rebate of 20% was granted to pensioners and medical unfit owners.

15. SERVICE CHARGES

Sale of electricity	2 191 151	2 386 888
Sale of water	613 524	717 347
Refuse removal	440 072	413 975
Sewerage and sanitation charges	605 559	596 381
	3 850 306	4 114 591

16. GOVERNMENT SUBSIDIES & GRANTS

Operating Grants

	26 860 621	23 593 807
Equitable share	26 635 721	23 255 936
Finance management grant (FMG)	13 333	337 871
Municipal systems improvement grant (MSIG)	4 680	-
LED Grant	206 887	-

Capital Grants

	4 538 956	2 332 500
Municipal infrastructural grant (MIG)	4 538 956	2 332 500
Vuna Awards (see note 6)	-	-
Total Government Grants & Subsidies	31 399 578	25 926 307

Equitable Share

This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a monthly subsidy of R85 (2007: R85).

Finance Management Grant

Balance unspent at beginning of year	62 129	-
Current year receipts	500 000	500 000
Conditions met – transferred to revenue	(13 333)	(337 871)
Unspent amount transferred to liabilities	648 796	162 129
(see note 6)		

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Systems Improvement Grant

Balance unspent at beginning of year	150 000	-
Current year receipts	734 000	150 000
Conditions met – transferred to revenue		
	(4 680)	-
Unspent amount transferred to liabilities	879 320	150 000

(see note 6)

This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	-
Current year receipts	7 482 591	2 332 500
Conditions met – transferred to revenue	(4 538 956)	(2 332 500)
Unspent amount transferred to liabilities	2 943 635	-

(see note 6)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

LED Grant

Balance unspent at beginning of year	-	-
Current year receipts	850 000	-
Conditions met – transferred to revenue	(206 887)	-
Unspent amount transferred to liabilities	643 113	-

(see note 6)

The grant was utilised for LED projects.

17. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT

Capricorn District Municipality	-	1 195 258
Other grants		

		-	
	Total donated property, plant & equipment	-	1 195 258
18.	INVESTMENT REVENUE EXTERNAL INVESTMENTS		
	Current account	888	52 120
	External investments	69 063	
		69 951	52 120
19.	OTHER REVENUE		
	Building plan fees	8 333	25 884
	Interest car loans	6 366	16 503
	Grave Fees	16 302	10 765
	New Connections	46 701	44 117
	Reconnections	14 142	10 686
	Sale of stands	116 940	790 850
	Sundry revenue	687 645	20 439
		896 428	919 244
20.	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and wages	9 116 934	6 023 505
	Employee related costs - Social contributions	2 066 497	1 752 734
	Travel allowances	2 285 615	1 976 996
	Overtime	47 488	12 438
		13 516 534	9 765 673
	Remuneration of Managers		
	Municipal Manager		
	Annual remuneration	588 750	293 064
	Allowances	120 000	110 000
	Council Contributions		
		708 750	403 064
	Community Manager		
	Annual remuneration	292 799	231 775
	Allowances	99 000	91 500
	Council Contributions	88 376	
		480 175	323 275
	LED Manager		
	Annual remuneration	295 451	250 025

	Allowances	99 000	99 000
	Council Contributions	92 307	
		486 758	349 025
20.	EMPLOYEE RELATED COSTS		
	Technical Manager		
	Annual remuneration	323 636	270 057
	Allowances	99 000	99 000
	Council Contributions	67 711	4 482
		490 347	373 538
	Corporate Manager		
	Annual remuneration		
		333 870	-
	Allowances		
		50 000	-
	Council Contributions		
		-	-
		383 870	-
	During the year no performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		
21.	REMUNERATION OF COUNCILLORS		
	Mayor	460 775	487 105
	Speaker	368 619	346 986
	Chief Whip	345 580	353 766
	Executive Committee	570 206	637 716
	Councillors	2 330 869	2 683 065
		4 076 049	4 508 637
	The Executive Mayor, Speaker and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.		
	The Executive Mayor has use of a Council owned vehicle and driver for official duties.		
22.	FINANCE COST		
	Annuity loan		
		523	2 619
23.	BULK PURCHASES		
	Electricity	2 282 531	2 379 030

24. GENERAL EXPENSES

Advertising Printing And Stationery	505 690	354 934
Audit Fees	541 205	979 203
Books Publications And Amendments	14 893	208 153
Cell Phones	299 500	518 635
Entertainment Expenses	-	236 214
Events	322 245	298 947
Consultancy Fee	942 587	687 495
Fuel Vehicles	601 297	480 057
Diesel	480 000	439 210
Security Fee	475 644	687 365
Insurance	388 015	242 536
Postage And Telephone	640 872	444 880
Rental Office Machines	362 639	307 932
Rental Vehicles	-	247 967
Town Planning	-	351 399
Training And Conferences	333 059	485 258
Traveling And Subsistence	880 753	1 131 027
LED Expenditure	814 473	589 855
IDP Expenditure	204 604	348 705
Other expenditure	4 260 802	(1 287 226)
	12 068 277	7 752 547

25.**CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP**

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-

Statutory Funds**Balance previously reported:-**

Capital Development Fund	1 125 039
Land Trust Fund	794 944
	1 919 983

Implementation of GAMAP

Total (credited to Accumulated Surplus) (see 25.5 below)	1 919 983
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Loans Redeemed and Other Capital Receipts

Balance previously reported:-	40 647 745
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Implementation of GAMAP

Transferred to Government Grant Reserve	24 742 032
Transferred to Donations and Public Contribution Reserve	67 700
Total (debited to Accumulated Surplus) (see 25.5 below)	15 838 013

		40 647 745
Property, plant and equipment		
Balance previously reported:-		33 524 595
Implementation of GAMAP		
Previously reported amounts written off that no longer meet the criteria of an asset		2 039 243
Total (debited to Accumulated Surplus) (see 25.5 below)		
Accumulated Depreciation		
Balance previously reported:-		-
Implementation of GAMAP		
Backlog depreciation: Buildings		324 155
Backlog depreciation: Community		342 112
Backlog depreciation: Infrastructure		4 997 159
Backlog depreciation: Other		1 592 022
Total (debited to Accumulated Surplus) (see 25.5 below)		7 255 448
Accumulated surplus		
Implementation of GAMAP		
Transferred from Reserves (see 25.1 above)		1 919 983
Transferred from Loan redeemed and Other Capital Receipts (see 25.2 above)		5 838 013
Assets not meeting the criteria (see 25.3 above)		(2 039 243)
Backlog depreciation (see 25.4 above)		(7 255 448)
		8 463 305
26. CASH GENERATED FROM/(UTILISED IN) OPERATIONS		
Net surplus for the year	4 575 230	6 225 541
Adjustment for:		
Depreciation charges	3 446 818	2 873 052
Interest received	(69 951)	(52 120)
Interest paid	523	-
Prior year adjustment	539 404	(3 821 700)
Non-operating income	(452 994)	
Gamap Grap implementation		2 018 458
Operating surplus before working capital changes	8 039 030	7 243 231
(Increase)/decrease in inventory		12 986
(Increase)/decrease in debtors	(2 186 950)	(5 807 046)
(Increase)/decrease in other receivables	725 939	
Increase/(decrease) in creditors	(169 385)	3 753 254
Increase/(decrease) in unspent grants	5 097 352	312 129
Increase/(decrease) in consumer deposits	14 528	27 564
Cash generated by operations	11 520 514	5 542 118

27.	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for		
	Community assets	974 155	
		<u>974 155</u>	<u>-</u>
	This expenditure will be financed from		
	Government grants	974 155	
		<u>974 155</u>	<u>-</u>
28.	ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003		
	Contribution to SALGA		
	Council membership fees payable		
	Amount paid current year		
	Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
	Audit Fees		
	Current year audit fee	541,205	
	Amount paid current year	(541,205)	
	Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
	VAT		
	VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output receivable are shown in notes 14 and 7 respectively. All VAT returns have been submitted by the due date throughout the year.		
28.	ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003		
	Pay as You Earn (PAYE)		
	Current payroll deductions	2,038,438	1,746,971
	Amount paid current year	(2,038,438)	(1,746,971)
	Balance unpaid	<u>-</u>	<u>-</u>
	Unemployment Insurance Fund (UIF)		
	Current payroll deductions	157,211	
	Amount paid current year	(157,211)	
	Balance unpaid	<u>-</u>	<u>-</u>

	-	-
Pension Fund		
Current payroll deductions	2,937,986	2,404,187
Amount paid current year	(2,937,986)	(2,404,187)
Balance unpaid	-	-
Medical Aid		
Current payroll deductions	710,070	485,108
Amount paid current year	(710 070)	-485108
Balance unpaid	-	485,108

APPENDIX A: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Fair Value	Closing Balance	Opening Balance	Additions/ Transfers	Fair Value	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
LAND & BUILDINGS	6,002,754	1,945,348	-	15,000	7,963,102	429,651	197,870	-	627,521	7,335,581
Land	130,423			15,000	145,423	-		-	-	145,423
Buildings	5,872,331	1,945,348			7,817,679	429,651	197,870		627,521	7,190,158
INFRASTRUCTURE	33,487,865	818,156	-	-	34,306,021	6,382,983	1,517,930	-	7,900,913	26,405,108
Roads, pavements, bridges & storm water	3,217,395	-		-	3,217,395	179,535	107,814		287,349	2,930,046
Water reservoirs & reticulation	21,152,072	818,156		-	21,970,228	4,660,500	1,049,155		5,709,655	16,260,573
Car parks, bus terminals & taxi ranks										-
Electricity reticulation	1,570,802				1,570,802	76,446	60,837		137,283	1,433,519
Sewerage purification & reticulation	7,547,596	-		-	7,547,596	1,466,502	300,124		1,766,625	5,780,970
Housing										-
Street lighting										-
Refuse sites										-
Other (town planning & development)										-
COMMUNITY ASSETS	1,547,217	46,408	-	-	1,593,625	420,546	79,481	-	500,027	1,093,598
Establishment of parks & gardens										-

Sports fields									
Community halls									
Libraries									
Recreational facilities				-		420,546			
Clinics	1,547,217	46,408			1,593,625		79,481	500,027	1,093,598
Museums & art galleries									
Other (fire services & cemeteries)									
OTHER ASSETS	12,254,425	648,607	-	437,994	13,341,026	2,895,321	1,651,537	-	4,546,858
Other motor vehicles		-		284,400					
Plant & equipment	9,476,418	-			9,760,818	1,925,079	1,082,919	3,007,997	6,752,820
Office equipment	1,164,212	386,449		51,938	1,216,150	285,366	215,002	500,367	715,782
Furniture & Fitting	475,375			16,250	878,074	264,854	73,386	338,240	539,834
Security measures (including fencing)	667,023	52,681		77,606	797,310	297,808	96,623	394,431	402,878
Civic land & buildings									-
Computer Equipment					688,675				-
	471,397	209,477		7,800		122,214	183,607	305,822	382,853
SPECIALISED VEHICLES	-	-	-	-	-	-	-	-	-
Refuse									-
Fire									-
TOTAL	53,292,262	3,458,518	-	452,994	57,203,774	10,128,500	3,446,818	-	43,628,456

APPENDIX B: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2008

	HISTORICAL COST				ACCUMULATED DEPRECIATION				
	Opening Balance	Additions/Transfers	Under Construction	Fair Value	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Carrying Value
	R	R		R	R	R	R	R	R
EXECUTIVE COUNCIL	11,778,044	318,359	-	236,394	12,332,796	2,318,988	877,727	-	9,136,081
Municipal Manager	3,693,730	163,974		208,688	4,066,392	780,847	425,870		2,859,674
Council General Expenses	8,084,314	154,385		27,706	8,266,404	1,538,140	451,857		6,276,407
FINANCE & ADMINISTRATION	405,018	71,248	-	3,750	480,017	120,762	126,697	-	232,558
Finance	405,018	71,248		3,750	480,017	120,762	126,697		232,558
Information technology									
Human resources									
Property services									
Other & admin									
PLANNING & DEVELOPMENT	763	-	-	-	763	743	20	-	0
Local Economic Development	763				763	743	20		0
ROAD TRANSPORT	21,178,133	3,068,912	-	203,450	24,450,494	3,583,809	1,371,163	-	19,495,523
Traffic and Licensing	466,185	2,176,223		186,250	2,828,658	153,283	54,246		2,621,130
Public Works	20,711,947	892,689		17,200	21,621,836	3,430,526	1,316,917		16,874,393
HEALTH	-	-	-	-	-	-	-	-	-
Clinics									-
Health other									-

COMMUNITY & SOCIAL SERVICES	154,501	-	-	9,400	163,901	16,789	14,746	-	31,535	132,366
Libraries & archives										
Community halls & facilities	154,501	-		9,400	163,901	16,789	14,746		31,535	132,366
Cemeteries & crematoriums										
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-
Fire										
Traffic					-				-	-
SPORT & RECREATION	-	-	-	-	-	-	-	-	-	-
Sport & recreation										
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-
Sewerage										
Public toilets										
WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-
Solid waste										
HOUSING	-	-	-	-	-	-	-	-	-	-
Housing										
WATER	18,185,041	-	-	-	18,185,041	4,006,474	993,118	-	4,999,592	13,185,450
Water	18,185,041	-			18,185,041	4,006,474	993,118		4,999,592	13,185,450
ELECTRICITY	1,590,761	-	-	-	1,590,761	80,935	63,347	-	144,283	1,446,478
Electricity	1,590,761	-			1,590,761	80,935	63,347		144,283	1,446,478
TOTAL	53,292,262	3,458,518	-	452,994	57,203,774	10,128,500	3,446,818	-	13,575,318	43,628,455

APPENDIX C: DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Actual Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Actual Surplus/ (Deficit) R
23 271 840	9 641 196	13 630 644	Executive & Council	26 843 190	14 634 030	12 209 159
23 260 936	7 953 186	15 307 750	Councils General Expenses	26 636 303	10 598 164	16 038 139
10 904	1 688 010	(1 677 106)	Municipal Manager	-	2 275 045	(2 275 045)
-	-	-	Corporate Services	206 887	1 760 822	(1 553 935)
2 882 150	3 001 811	(119 661)	Finance & Admin	2 641 092	4 020 018	(1 378 926)
1 427 022	-	1 427 022	Assessment Rates	-	-	-
1 455 128	3 001 811	(1 546 683)	Finance and Fixed Properties	2 641 092	4 020 018	(1 378 926)
-	1 951 340	(1 951 340)	Planning & Development	-	-	-
-	1 951 340	(1 951 340)	Local Economic Development	-	-	-
1 786 051	708 352	1 077 699	Community Services	3 415 569	2 131 796	1 283 773

1 786 051	708 352	1 077 699	Library	3 415 569	2 131 796	1 283 773
-	-	-	Parks, Estates and Cemeteries	-	-	-
-	254 975	(254 975)	Waste Management	9 890	-	9 890
-	254 975	(254 975)	Sewerage	9 890	-	9 890
-	-	-	Refuse Removal	-	-	-
3 381 907	18 161 434	(14 779 527)	Roads Transport	5 624 661	12 426 831	(6 802 170)
3 381 907	15 805 190	(12 423 283)	Public Works	5 624 661	7 196 629	(1 571 968)
-	2 356 244	(2 356 244)	Traffic and Licensing	-	5 230 201	(5 230 201)
780 785	1 617 047	(836 262)	Water	678 182	1 343 867	(665 685)
780 785	1 617 047	(836 262)	Water	678 182	1 343 867	(665 685)
2 378 517	4 306 356	(1 927 839)	Electricity	2 314 701	2 592 064	(277 363)
2 378 517	4 306 356	(1 927 839)	Electricity	2 314 701	2 592 064	(277 363)
34 481 250	39 642 511	(5 161 261)	Sub-Total	41 527 285	37 148 607	4 378 678
-	-	-	Less: Inter-Departmental Charges	-	-	-
34 481 250	39 642 511	(5 161 261)	Total	41 527 285	37 148 607	4 378 678

APPENDIX D(1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual	2008 Budget	2008 Variance	2008 Variance	Explanations of significant variances greater than 10% versus budget
	R	R	R	%	
REVENUE					
Property rates	1 443 679	1 301 096	142 583	10.96	
Service charges	3 850 306	2 500 000	1 350 306	54.01	
Rental of facilities and equipment	106 217	91 237	14 980	16.42	
Interest earned – external investments	69 951	370 169	(300 218)	(81.10)	
Interest earned – outstanding debtors	448 043	-	448 043		
Fines, Licensing & Permits	3 047 922	3 200 000	(152 078)	(4.75)	
Revenue for agency services	-	-	-		
Government grants & subsidies – operating	26 860	27 869 721	(1 009 100)	(3.62)	
621					
Government grants & subsidies – capital	4 538 956	7 491 000	(2 952 044)	(39.41)	
Other revenue	896 428	3 167 593	(2 271 165)	(71.70)	MIG grant not fully spent Over budgeting of revenue
Gains on disposal of property, plant & equipment	-	-	-		
Total Revenue	41 262	45 990 816	(4 728 693)	(10.28)	

	123				
EXPENDITURE					
Employee related costs	13 516 534	12 950 069	566 465	4.37	
Remuneration of councilors	4 076 049	4 732 509	(656 460)	(13.87)	
Bad debts		530 000	2 916 818	550.34	
Depreciation	3 446 818	-	1 296 161		
Repairs & maintenance	1 296 161	193 215	1 102 946	570.84	
Finance Cost	523	22 000	(21 477)	(97.62)	
Bulk purchases	2 282 531	2 753 361	(470 830)	(17.10)	
Contracted services	-	334 358	(334 358)	(100.00)	
Grants & subsidies paid	-	1 034 000	(1 034 000)	(100.00)	
General expenses	12 068 277	19 929 774	(7 861 497)	(39.45)	
Loss on disposal of property, plant & equipment	-	-	-	-	
Contributions to/(transfers from) provisions	-	200 000	(200 000)	(100.00)	
Total Expenditure	36 686 893	42 679 286	(4 696 232)	(11.00)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	4 575 230	3 311 530	(32 461)	(0.98)	

Implementation of
Gamap Grap
Under budgeting
of repairs &
maintenance
Implementation of
Gamap Grap

APPENDIX D (2): ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE & COUNCIL	-	2 095 593	-	5 535 455	(5 535 455)	(100)	
Councils General Expenses		2 095 593		5 535 455	(5 535 455)	(100)	
Municipal Manager							
Corporate Services							
FINANCE & ADMINISTRATION							
Assessment Rates							
Finance and Fixed Properties							
PLANNING & DEVELOPMENT	-	-	-	-	-	-	
Local Economic Development				-	-	-	

ROAD TRANSPORT	-	-	-	-	-	-
Public Works					-	-
Traffic and Licensing					-	-
COMMUNITY SERVICES	-	724 050	-	1 100 000	(1 100 000)	(100)
Library		724 050		1 100 000	(1 100 000)	(100)
Parks, Estates and Cemeteries					-	-
PUBLIC SAFETY	-	-	-	3 866 636	(3 866 636)	(100)
Fire				-	-	-
Traffic				3 866 636	(3 866 636)	(100)
WASTE MANAGEMENT	-	-	-	-	-	-
Sewerage					-	-
Refuse Removal						
WATER	-	-	-	972 309	(972 309)	(100)
Water Distribution				972 309	(972 309)	(100)
Water Storage				-	-	-
ELECTRICITY	-	-	-	-	-	-
Electricity Distribution					-	-
Street Lighting					-	-
TOTAL	-	2 819 643	-	5 938 945	(5 938 945)	(100)

5. TECHNICAL SERVICES.

The overview of the area includes provision of affordable, clean bulk and portable water according to RDP standard to 100% of the population by 2008. It should however be noted that the Municipality does maintenance and operation while the CDM is the water service authority.

[illegible]

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTION
<p>Water :</p> <p>Operations and maintenance of water schemes</p>	<ul style="list-style-type: none"> • The local municipality has developed an indigent register for all areas where cost recovery is implemented. • The core responsibility of the division is to ensure sustainability in operations and maintenance of municipality water schemes. Two (2) water tankers were procured by municipality to provide water to villages with severe water shortages. • Due to continuous theft of diesel engines management took a resolution that all the new replacement of diesel engines will be taken to and from the pump houses on a daily basis. 	<ul style="list-style-type: none"> • Service providers were faced with problems of procuring engines that were stolen during the fourth quarter of the year because of high demand. 	<ul style="list-style-type: none"> • Follow up with the police shall be done to ensure apprehension of culprits.

5.1 ELECTRICITY

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTION
ENERGY SERVICES	<ul style="list-style-type: none"> The overview included the bulk purchase and distribution. Of electricity. The electricity purchase and distribution functions of the municipality are administered as follows and include: <ul style="list-style-type: none"> Feeder line construction Extension of lines Reticulation co-ordination Identification of villages to be electrified Free Basic Electricity Each houses hold is given 50kw per month In order to provide efficient and affordable energy services, the municipality has electrified 725 household at Maphosa and post connection of 587 households. 	<ul style="list-style-type: none"> A problem was the delay in Eskom approving designs hence delays in implementation .In some instances Eskom also cited lack of supply capacity which affected progress 	<ul style="list-style-type: none"> Greater forward planning is required to ensure that villages targeted to benefit have Eskom capacity

5.2 SANITATION

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTION
SANITATION SERVICES	<ul style="list-style-type: none"> Out of 27889 households, 8645 have access to sanitation Backlog – 19244 households. Out of 79 	<ul style="list-style-type: none"> Insufficient financial from resources to clear current backlog from district Pollution of ground water resources due to extensive 	<ul style="list-style-type: none"> The department recommended the use of local resources. 5This will reduce high costs and delivery of those resources just in time. Alternative sanitation

	<p>Schools, 75 have access to sanitation. Backlog 4 Schools.</p> <ul style="list-style-type: none"> Out of 7 Clinics, 7 have access to sanitation. Backlog - 0 Estimate backlog cost at current prices of R4500 = R 873,828,900 million R436m is required per year to clear backlogs by 2010. 	<p>dry sanitation methods</p> <ul style="list-style-type: none"> Limited water resources to convert to wet sanitation 	<p>implementation model.</p>
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5.3 INFRASTRUCTURE

KPA PROJECTS	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Schoenveld Pre-School	<ul style="list-style-type: none"> 100% complete and handed over to beneficiaries 	<ul style="list-style-type: none"> The delays were caused by change of scope and approval of variation order 	<ul style="list-style-type: none"> The variation order was approved
Ramatjowe Pre-School	<ul style="list-style-type: none"> 100% complete and handed over to beneficiaries 		
Sefene Pre-School	<ul style="list-style-type: none"> 100% complete and handed over to beneficiaries 		
Madikana Pre-School	<ul style="list-style-type: none"> 100% complete and handed over to beneficiaries 		
Mogwadi Traffic Station	<ul style="list-style-type: none"> 100% complete and handed over to beneficiaries 		

Eisleben Community Hall	<ul style="list-style-type: none"> • 100% complete and handed over to beneficiaries • 90% complete 		
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5.4 Community Services.

Function: Law Enforcement, Licensing, Control of Domestic Animals, Parks and Environment, Solid Waste and Refuse Removal, Community Facilities, Cemetery and Ablution Facilities, Coordination in terms of Sports, Arts and Culture, Education, Safety and Security and Health and Social Development.

The department of Social and Community Services has an Organogram which is divided into three divisions namely; Traffic and Law Enforcement, Social Services and Facilities. The department is guided by the following IDP Objectives in performing its duties;

- To facilitate for access to sports and recreational facilities.
- To coordinate access to educational facilities.
- To conduct law enforcement in molemole municipal area.
- To register and deregister motor vehicles.
- To facilitate for the promotion of cultural activities.
- To facilitate for the promotion of arts.
- To facilitate the protection of the environment.

A. SDBIP report for 2007/08 financial year.

KPA	PROGRESS	CHALLENGE	REMEDIAL ACTIONS
Boulast preschool	The project is incomplete.	The service provider was unable to complete the project.	The new contractor has been appointed to complete the project.
Mohodi sports centre	The project is complete.	None	None
Environmental Management plan	The project is complete.	None	None

Disaster Management plan	The project is complete.	None	None
Sekgosese Traffic Station	The project is complete.	None	None
Mogwadi Tennis Court	The project is complete.	None	None
Maphungubwe Arts festival	The programme has been completed.	None	None
OR Tambo games	The programme has been implemented.	None	None
Integrated Transport plan	The plan is developed.	None	None
Mogwadi Traffic Station	The project is completed.	The roof is leaking.	The contractor was called to repair the roof.
Botlokwa Thusong Service centre 1st phase	The project is not yet implemented.	The registration is still in progress.	The registration has been re-started.
Ramokgopa Park	The project is not implemented.	The budget was not available.	The project was deferred to next financial year.
Mogwadi Park	The project was not implemented.	The budget was not available.	The project was deferred.

B. Report on other services.

SERVICE	STATUS	BACKLOG
Education	There is one or more schools in every village.	There is a need of additional class-rooms in most of the school.
Health	One hospital and seven clinics two of which are mobiles.	One hospital and five additional clinics are needed.
Social Grants	34822 people receive different types of grants.	There still people without relevant documents required for different types of grants.
Refuse Removal	Mogwadi and Morebeng have access to this service.	87% of house-hold have no access to this service.
Housing	About 400 housing units were built in 2008.	There is a backlog of 3981housing units.
Community Facilities	One stadium and one park.	There is a need for additional stadium and park.

CORPORATE SERVICES:

ADMINISTRATION

The main objective is to provide support and auxiliary support services to all Departments and the political component of the Municipality.

KPA	PROGRESS
Fleet control	The Municipality operated an in-house comprising of

	Transport policy was adhered to. Fleet control was done through vehicle fleet report of which fuel expenditure cost us R1 081 297.28 & maintenance cost us R767 543.00
Office accommodation	The available limited office space in Mogwadi and Morebeng including rented offices has allocated to officials and councilors and are adequately maintained. There is however a shortage of offices and boardrooms to accommodate the full complement of our personnel establishment. The completion of the new office block will provide some relieve to the shortfall. The department has during the year facilitated movements and relocations between offices providing for movement of furniture and office equipment. The corporate service department is responsible for the purchase of office furniture requirements and a total of R130 287.00 worth of new furniture has been procured during the year.
Effective Security Services	The municipality has for the duration of the financial year sourced the services of a private security company to fulfill its security services; this includes access control, guard services, patrol services and maintenance of visitor & vehicle register for all municipal buildings. Since the contract with the service provider was due to lapse the contract was advertised during 2008 for appointment in 2008/2009 financial year.
Responsive and inviting customer care	The number of visitors and the nature of their enquiries are recorded. Internal Audit has done an audit and the recommendations will be used to inform a decision in this regard. Currently a note book placed at the reception foyer is used to register queries and suggestions.
Reliable and efficient telecommunication service	Telephones were provided and maintained. Telephone numbers list updated. Usage is monitored and a control system set for installation during 2008/2009.
Timely and well-collated qualitative documents	Centralized printing and photocopying services provided and located at the print room area challenges exist with ensuring an uninterrupted service in this regard due to reliance on single machines without backup and reliance on offside maintenance services and at time their turnaround time is longer than desired.
Records Management	Capital equipment required for implementing a proper filing system was installed and the operation thereof is been phased inn in stages overlapping into the 2008/2009 financial years.

COMMITTEES SERVICES.

Key functions in this regard relates to the provision of secretariat support services to institutional structure and the structured coordination of their activities, reports and records.

KPA	PROGRESS
<ul style="list-style-type: none"> Availability of Secretariat Services 	<ul style="list-style-type: none"> - Institutional schedule of meetings developed. - A total of 8 committee meetings successfully coordinated and 100% secretariat support.
<ul style="list-style-type: none"> Schedule on progress 	<ul style="list-style-type: none"> - Schedule of resolutions submitted together with minutes after every

made with regard to the implementation of resolutions	meeting. - Progress on implementation of resolutions followed up and Council and its Committees updated.
<ul style="list-style-type: none"> To coordinate portfolio committees & project visits by Councilors & ward committee coordination 	- Appointment or placement of 2 x committee officers, and fast tracking of ward committee coordinator's position is crucial for the coordination of project visits, portfolio committees, ward committee coordinator and report writing as per the SDBIP.

INFORMATION TECHNOLOGY.

The mandate of this function pertains to the provision of on side Information Technology Support Services and the design and integration of systems to ensure efficient administration and record management.

KPA	Progress
Improved IT systems	<ul style="list-style-type: none"> IT policies are still in a draft state. Proposal for re-development of the website was signed with SITA. 2x Servers was procured and the model no : Intel 5000s (1x domain and 1x exchange server) Molemole municipality managed to procure 1x 3kva ups and the above 2x server are connected to it. Several Computer Hard & Softwares were purchased repaired, maintained and upgraded.

LEGAL OPINION.

Provide or alternatively source legal advice and contract management for the municipality.

KPA	Progress
Legal Opinions	1. Several verbal legal opinions were given to various departments.
Extended Legal Opinion	Implementation of outcomes of Forensic Audit

SERVICE LEVEL AGREEMENTS.

Develops and advice on the contractual structure of the service level agreements with external parties to minimize contractual legal loopholes.

Contract Description	Contracting Party\ies	Status
Employee debt counseling	PMJ Debt Counselors	Signed
EVN Administrative Management Support Services	Establishment of filling system and development of file plan	Signed
Extension of Security Services	Motsepele Security	Signed

Service provider checklist for Capital projects has not yet been done. The unit has not yet received contracts documentation for Capital projects.

LITIGATION AND SETTLEMENT

Pertains to processing of cases pursuit by or against the municipality in the courts of law in the interest.

KPA	Progress
Litigation	We only have one case pending in the High Court, i.e. eviction of the former Municipal Manager from the Municipal house
Settlement	We have settled one case to prevent further costs.

LOCAL ECONOMIC DEVELOPMENT AND PLANNING

1. Local Economic Development

The overview included all activities associated with economic development initiatives. Local Economic Development creates a platform for government private sector and local communities the opportunity to work together to improve the local economy.

The function of economic development within the municipality is administered as follows and includes:

- To create an environment that would stimulate economic growth and development in the next 5 (five) years (2011)

The strategic objectives of this function are to:

- Promote development of diverse and fast-growing economy
- To improve accessibility for SMME'S to business services, including training and mentoring, finances business opportunities etc
- Promote tourism in the municipality
- Increasing the productive capacity of local mines, farms, entrepreneurs and workers to improve and build competitive strength
- Ensure that appropriate skills are available locally and utilized in the market

- To promote Broad based Black Economic Empowerment (BBBEE) within the municipality.

The key issues for 2007/2008 were to support to manufacturing, SMME and Agriculture.

1.1 Support and Development of Agricultural Sector and SMME

Project	Progress	Challenges	Remedial Actions
Mangata poultry	Complete and handed over beneficiaries	Challenges were around the procurement process which took long	Employment of enough staff
Madikana Gardening	Completed and handed over to beneficiaries	The service provider could not finish the project in the specified time-frame	Additional time was given to the service provider with strong warning
Monono pottery	Purchased the resources for the beneficiaries	Delays were caused by the unavailability of some materials in the province	
Maswahla co-operative	Complete handed over to beneficiaries	Delays by the tribal authority to grant permission to utilize the site	The political component should encourage co-operation between the tribal authority and municipality

1.2 Support and Develop Manufacturing Sector

Project	Progress	Challenges	Remedial Actions
Botlokwa food processing factory	Completed and handed over to beneficiaries	Delays in procurement processes	Employment of enough staff to fastrack procurement

1.3 Partnership with LIBSA in Promoting and Supporting SMME

KPA	SMME Development	Total
For the facilitation for the creation of jobs in line with the PGDS	<ul style="list-style-type: none"> • Jobs Created • Business Profiles • Business Registration • Access to Finance • Workshops 	<ul style="list-style-type: none"> • 113 • 20 • 18 • 1 • 8

2. Strategy and Planning

The overview includes activities associated with the promotion of integrated development planning in order to achieve integration and harmonization of service delivery. It highlights the achievements, challenges experienced, expenditure to date and proposed interventions to improve the future performance of the unit.

2.1 Integrated Development Planning Unit

The objective of the IDP is derived from organizational strategic. Objectives in the unit are to perform and give support the following functions:

- To co-ordinate and increase integrated developmental planning.
- To forge strategic partnerships to enhance service delivery and socio-economic development
- To provide reliable monitoring and evaluation data for planning purposes
- To ensure community participation and involvement to ensure that batho Pele programme are met.
- To conduct research for proper planning and service delivery in the municipality
- Enhance co-ordination of departmental activities within municipality by National and Provincial Departments.

KPA's	Performance during the year, performance targets against actual achieved and plans to improve performance	Actual	Target
	<ul style="list-style-type: none">• Adoption of IDP within the prescribed legal requirements	Yes	28 may
	<ul style="list-style-type: none">• Public Participation sessions on the IDP conducted	12	12
	<ul style="list-style-type: none">• Portfolio Committees Meeting	12	12

2.2 Town Planning Unit

The overview includes activities associated with the management and co-ordination of the spatial planning processes within municipality and provides technical support in respect to spatial planning and land use management and in so doing correcting the apartheid settlement pattern and promoting integrated and sustainable human settlement.

The strategic objectives of this function are to:

- Address the spatial reconstruction of the location and nature of development
- To promote all aspects of spatial integration
- To create healthy, comfortable and safe living and working environments for all

- Provide strategic guidance in respect of the location and nature of development
- To facilitate development of sustainable developmental policies for the municipality.
- To enforce all aspects of national building regulation act

Project	Progress	Challenges	Remedial Actions
Township Establishment Dendron Extension 5	Sites were demarcated and pegged	No funds for installing services	Proposal was sent to DBSA
Promulgation of Land Use Management Scheme	Consultant has been approved. Steering committee been established. Promulgation to be advertised.	none	
Deeds of sale for vacant residential erven to be sold	Vacant residential & business stands owned by municipality have been identified	Valuation Roll is still in progress for the municipality to come up with a selling price	Finance monitoring to fastrack the process

EXECUTIVE MANAGEMENT WITH SPECIAL FOCUS

A. SPECIAL FOCUS: YOUTH

Molemole Youth Council was elected at Ga-Phasha pre-school on the 05th March 2008. The event was graced by the presence of the Mayor and other council members. District youth council facilitated the elections. The main challenge is that the communication officer is still facilitating all youth issues.

KPA	PROGRESS
1. Skilled youth that participate in municipal activities.	<ul style="list-style-type: none"> ➤ Youth economic summit was held at Matseke resource center where local youth were capacitated on procurement issues. ➤ The acting youth officer led a delegation of 80 people to attend the provincial youth parliament at Modimolle.
2. Youth involvement in municipal activities.	<ul style="list-style-type: none"> ➤ Local delegation led by acting youth officer attended the district youth leadership camp held at Mokopane from the 8th-10th of February 2008. We also hosted the youth development strategy
3. Mainstreamed youth activity	<ul style="list-style-type: none"> ➤ Review session at Eisleben pre-school on the 12th of December 2007. ➤ Youth council members were send to different workshops arranged by the district. ➤ Six youth council meetings held where issues related to youth in general were discussed. ➤ Our municipality was represented during the national youth commit

	held at Waterkloof, Pretoria.
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B. SPECIAL FOCUS: OLDER PERSONS

KPA	PROGRESS
Mainstreamed older persons activities	<ul style="list-style-type: none"> ➤ We participated in the first older person's forum held on the 28th August 2008. We were the only local municipality that represented the district during the provincial older person forums held on the 23rd of January 2008. ➤ Our municipality was represented by 64 people during the district older person cultural event held at Setotolwane school on the 1st October 2008. ➤ We hosted the grannies Big Walk event at Ramokgopa Stadium on the 20th of November 2007 where 323 older persons attended. ➤ All our older person activities are done in partnership with Age in Action, Department of Health, Sassa and SAPS ➤ We send a delegation of 48 people to attend the grandparents day event held at Indermark Community Hall in Blouberg Municipality on the 07th of October 2007

C. SPECIAL FOCUS: DISABILITY

KPA	PROGRESS
1. Integration of disability activities in the broader municipal activities	<ul style="list-style-type: none"> ➤ We held a consultative workshop to review the district disability strategy
2. Disability programme that are	<ul style="list-style-type: none"> ➤ Our delegation attended the district disability forum on the 15th of January 2008.
3. National building activities	<ul style="list-style-type: none"> (i). <u>Braille and Deaf Awareness</u> <ul style="list-style-type: none"> ➤ Our delegation attended the Braille and Deaf awareness campaign in partnership with Deaf Federation of South Africa. (ii). <u>International day of the disabled</u> <ul style="list-style-type: none"> ➤ We formed part of the preparatory committee for the provincial international day for people with disability on the 3rd December 2007 at Hellen Frans School. (iii). <u>Casual Day</u> <ul style="list-style-type: none"> ➤ In support of the people with disability fund raising project of casual day, we encouraged our staff members to buy stickers. (iv). <u>Deaf Awareness</u> <ul style="list-style-type: none"> ➤ We send 4 people to attend the deaf provincial awareness day on the 6th September in Greater Tubatse Municipality.
4. Capacitating Local disability forum	<ul style="list-style-type: none"> ➤ In support of the disabled forums, our hon. Mayor donated an amount of R10, 000 each to both the Botlokwa Disabled forum and Itireleng Projects.

D. SPECIAL FOCUS: GENDER

Our acting special focus coordinator is a member of the task team for review the gender development strategy. Other member are from local municipalities, SALGA, Dept of Roads and Councillors. The consultation plan was discussed with stakeholders and it completed its task by the end of 2007. We hosted the stakeholder consultative meeting on framework for the development of strategy on the 13th of September 2007. The stakeholders consulted were amongst others CDW's, ward committees, Tribal council etc.

KPA	PROGRESS
Strengthened gender programme	<ul style="list-style-type: none"> ➤ We partnership with LIBSA, ABSA, CDM and SASSA for the women economic empowerment workshop at Ramatsowe pre-school. (i). <u>Provincial Women's Day</u> <ul style="list-style-type: none"> ➤ We coordinated 2 busses from our municipality to attend provincial women's day on the 09th of August 2007 at Mahwelereng Stadium. (ii). <u>Municipal Women's Day</u> <ul style="list-style-type: none"> ➤ We hosted our women's day celebration at Mohodi Sports Ground on the 24th of August 2007. The event was graced by the present of the hon. Mayor of Aganang Municipality together councillors and officials from CDM (iii). <u>Women's Parliament</u> <ul style="list-style-type: none"> ➤ A delegation of 20 women, led by the Mayor, attended both the district and the provincial women's parliament. (iii). <u>Women in sanitation construction</u> <ul style="list-style-type: none"> ➤ Women in sanitation construction programme was conceptualized by the district with the aim of empowering women in VIP toilet construction. Our municipality send 26 women for training (v). <u>Men's Dialogue</u> <ul style="list-style-type: none"> ➤ A delegation of 5 men represented the municipality during men's dialogue that was held at Lepelle-Nkumpi on the 9th of November 2007.

EXECUTIVE MAYORS SUPPORT

KPA	PROGRESS
Image Building & Customer Relations	<ul style="list-style-type: none"> • Promotion of the corporate image during municipal events by branding as well as attendance of events coordinated by strategic partners to elicit support and buy inn.
Collective Leadership & Support	<ul style="list-style-type: none"> • Ensure smooth processing of council decisions by administration through periodical progress reports. • Joint processing of issues between Senior Managers and Council Executive Committee through regular meetings. • Alignment of Council and Council Committees with that of management.
	<ul style="list-style-type: none"> • Participate in the District and Provincial IGR structures.

Inter Governmental Relations	<ul style="list-style-type: none"> Establish bilateral relations with various sector departments or agency on issues of mutual benefit. Ensure participation and involvement of other spheres of government during municipal planning and review processes.
Alignment to National, Provincial, District & Local Government Strategies	<ul style="list-style-type: none"> Participate in technical forums and working groups including Municipal Manager's Forum; SALGA forums including in processes to ensure implementation of

PERFORMANCE MANAGEMENT SYSTEMS (PMS)

KPA	PROGRESS
Coordination of Performance Management Measures to track and support performance against organizational strategies and plans.	<ul style="list-style-type: none"> Strategic and mandatory powers, functions, objectives and targets as contained in the IDP and regulatory frameworks incorporated into Section 57 Annual Performance Contracts. All Section 57 Performance Contract developed and signed. Key Performance areas and targets linked with the SDBIP. Delegation of Authority Data Matrix developed to enable decision making at a strategic level. Quarterly, mid-year and annual Performance Assessments not conducted.

AUDIT & RISK MANAGEMENT SERVICES

KPA	PROGRESS
Ensure an objective assessment of internal systems, controls and practices with a view to minimize risks and maintain acceptable levels and standard.	<ul style="list-style-type: none"> A Position of Internal auditor established and filled. Internal audit plan developed and implemented. Establishment of the audit committee as per legislation and provision for the committee to function as required. Shortcomings still prevalent with regards to the development of the external audit findings implementation plan and the implementation thereof. The human capital constrains experienced by the Internal Audit / Risk Management Unit has restricted the potential impact that the unit can perform in minimizing and turning around our accounting and operational procedures and systems.

MARKETING, EXTERNAL AND INTERNAL COMMUNICATION

The communication unit profile the municipality in order to endure that the corporate image and identity of the municipality and leadership are enhanced, ensured that information on key municipal programmes are availed to the media, public and the relevant stakeholders.

The following promotional items were developed in the communication section: newsletters, promotional pamphlets, notice boards. The only serious challenge was that municipality was unable to launch its website.

The municipality was able to effectively manage its corporative image during the period under review. The highlight therefore being the unveiling of new municipal logo. The communication unit is busy making plans to come up with production of internal newsletter.

CONCLUSION.

The 2007/2008 financial year has been an eventful one for the municipality whilst we recorded numerous milestones, we equally embraced various challenges that we grabbled with and the lessons we have drawn from such experiences certainly inform our strategic direction and planning going forward.

Our public participation programs is one of our strong points that we hope to build in our quest to provide affordable and quality services that are responsive to the needs of our residents and strategic partners.

Fostering relations and cooperation with the public and private entities in pursuit of an improved quality of life of our people is one area that we need to leverage high on our agenda.

The municipality will equally need to seriously look into our internal processes and capacity to ensure that we acquire, retain, develop and enhance relevant skills, competencies and other resources to support improved overall performance.

Given our limited resources and revenue base multiple pronged strategies aimed at revenue generation, ensure economic and efficient allocation of the disposable revenue.